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C O N F I D E N T I A L SECTION 01 OF 03 BEIJING 001679

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SUBJECT: PRC/SOUTH PACIFIC: INTERNATIONAL ISOLATION OF
REGIME IN FIJI AN OPPORTUNITY FOR CHINA

REF: A. BEIJING 383

[1](#)B. SUVA 82

Classified By: Acting Political Chief Ben Moeling. Reasons: 1.4 (b) and
(d).

[1](#)1. (C) SUMMARY: While Chinese government interlocutors continued to stress the centrality of "non-interference" to China's foreign policy, a Fijian EmbOff told us a new package of Chinese economic assistance to Fiji announced earlier this year arrived just as western sanctions were proving problematic, and so had a political effect. Fiji remained strategically important for China and Beijing was privately candid about linking development assistance and economic engagement with "guaranteed" political support on issues of interest to China, such as Taiwan, even as the MFA downplayed the importance of checkbook diplomacy given improving cross-Strait ties. According to MFA contacts, western-led efforts to push for political reform in Fiji were part of Fiji's underlying problem. China, as a developing country and regional leader, had unique insights into Fiji's political needs. According to a New Zealand EmbOff, the Chinese understood the political risks of being seen as undermining western sanctions, and had taken steps at damage control with Australia and New Zealand. END SUMMARY.

China Sees Strategic and Economic Importance in Fiji

[1](#)2. (C) MFA North American and Oceanian Affairs Division Deputy Director Zhou Jian told PolOff May 27 that Fiji was a friend and reliable partner as well as a regional leader with strategic importance in the South Pacific, a region rich in small-country UN votes. Warm relations between the two countries were undergirded by the history of Fiji's relatively early diplomatic recognition of the PRC and continuing strong ties throughout the series of coups that beset Fiji in recent decades, including the latest in 2006. Beijing-based Fijian EmbOff Filipe Alifereti (protect) agreed in a meeting May 26 that China viewed Fiji as an important partner, noting that China valued Fiji as a useful transit point and for its proximity to important shipping lanes. Still, he argued, China essentially viewed Fiji as it did resource-rich African nations: a valuable destination for economic engagement but of marginal and possibly declining political utility.

Non-Interference Still the Mantra

[1](#)3. (C) Zhou insisted that China's traditional position of non-interference in the internal affairs of other countries guided China's Fiji policy. He stressed that since the 2006 coup, China had maintained its position emphasizing stability and economic development while urging the Fijians to work together to resolve their political problems. He claimed that the PRC had maintained constant contact with the

military government and had urged them to continue dialogue with donor countries such as Australia and New Zealand. He insisted that maintaining social stability and economic development in the island nation was the common goal of all parties, including the U.S. and China.

Western-led Pressure Part of the Problem

14. (C) Framing the international community's efforts to help resolve the on-going political crisis in Fiji as part of the problem, Zhou urged the international community to maintain dialogue with the military government and "listen to its perspectives." He suggested that western powers were compromising Fiji's sovereignty by pushing for political reforms, and stressed the importance of understanding Fijian culture and its emphasis on consensus-building. He highlighted China's engaged but low-key approach toward Fiji in the context of the Pacific Island Forum (PIF). He insisted that China did not seek to establish a "sphere of influence" in the South Pacific or undermine third countries' interests there.

Political Support "Guaranteed" Due to Economic Influence

15. (C) Alifereti asserted that there was little need for the Chinese to push directly for political support from Fiji on issues of Chinese interest, because such support was "guaranteed" and China's interests were well-understood by Suva. He indicated that such political support was a simple consequence of the enormous economic influence China had on

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the island. In addition to assistance, trade and investment ties, the Chinese government was providing Fijian government officials with training on a range of skills in China, Alifereti reported. This included training military officials, a practice that began after the 2006 coup, he added.

Economic Ties Grow, Driven by High-level Interest

16. (C) Zhou told PolOff that China had signed at least four economic agreements with Fiji during Vice-president Xi's controversial February transit stop in Fiji on his way to Latin America (reftels), but insisted that the MFA had few details of the deals. Repeating claims that the transit stop was "nothing special" and arranged out of mere convenience, he reported that one of agreements was a 10 million RMB grant but the details of its use were still under discussion. Zhou insisted that China was providing "project assistance," and not simply cash. He noted that during Premier Wen Jiabao's 2006 visit to Fiji China announced deals worth almost 400 million RMB to Fiji as a part of a larger package of aid to the South Pacific, but the execution of these funds had been bogged down by political turmoil in Suva. He denied media reports that China had doubled its assistance to Fiji in the three years since the coup, insisting that Chinese aid had remained level or declined since 2006. He expressed Chinese frustration with the inability of the Fijians to move forward with the grants, noting that MOFCOM was awaiting a list of projects the regime would like to see implemented before initiating a feasibility study.

China Economic Activity Just in Time to Counter Sanctions

17. (C) Alifereti acknowledged that China's economic engagement was growing at a time when Fiji needed the support. While skirting the issue of Australian and New Zealand-led efforts to isolate the regime in Suva, he did point to a planned UK investment in the sugar sector that was recently dropped due to the political situation in Fiji as evidence of economic sanctions causing concern for his

government. In light of those concerns, Alifereti applauded the "good timing" of the soft loans announced during Xi's stop-over. In addition, he contrasted the styles of western and Chinese investors in Fiji: Australians and New Zealanders normally sought to raise capital from within the island, which in his view increased the financial risk of projects, while the Chinese brought cash to the island from the outside and clearly "wanted to spend."

18. (C) Alifereti explained that Chinese cash was flowing in just as traditional sources of income were drying up. A recent drop in remittances from Fijian troops serving in UN peace-keeping operations occurred at the same time that Chinese tourism to the island was growing quickly due in part to a new China-Fiji air service agreement and a relaxation of Fijian visa regulations for Chinese visitors. Alifereti also noted that Chinese goods, which used to come through Australia and New Zealand at a heavy premium, had been flowing directly to Fiji thanks to direct shipping routes opened in February 2008.

Admiration for the China Growth Model

19. (C) Through this range of development assistance and soft power programs, Alifereti suggested that the message to Fiji was clear - the Chinese development model had brought huge success to China without any need to institute political reform. He asserted that Fijian culture resembled China's in the sense that both maintained that political problems should be solved "internally" and that Fiji was "not fit" for competitive politics. Zhou from the MFA agreed, stressing the "consensus-building" nature of Fijian culture and China's unique ability to understand this.

MFA: China Not Undermining Western Efforts

10. (C) MFA's Zhou denied that China sought to take advantage of western efforts to isolate the regime in Fiji, underscoring China's desire to cooperate with the United States, Australia, New Zealand, and others on development assistance to Fiji and other less developed countries (LDCs).

He stressed that Chinese assistance to Fiji had been in place since the establishment of China-Fiji relations and that no new projects had been begun since the 2006 coup. Zhou denied that this aid hiatus was due to the coup, but

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rather reflected the difficulties of working with the Fijians on the ground. While some Chinese projects in Fiji continued, Zhou insisted they were projects that were contracted before the 2006 coup. He admitted that China remained inexperienced as a donor nation, and offered that the MFA could cooperate on the ground with the United States and other donors. Zhou noted, however, the MFA's relatively low-profile role in providing assistance, compared to MOFCOM, which had the lead on foreign assistance.

Looking Past Taiwan?

11. (C) Zhou asserted that, with the recent thaw in cross-Straits relations, China's policy in the South Pacific was looking past its traditional focus on checkbook diplomacy to buy UN votes to shore up its claim to Taiwan, and the Taiwan issue had become "less of a priority" in Chinese foreign policy with the South Pacific.

PRC Knows It Went Too Far?

12. (C) Embassy of New Zealand PolOff Tara Morton observed that, since interventions by Australian and New Zealand officials, including at the Prime Minister-level, the Chinese appeared to have been "shamed" by the Xi Jinping transit.

She add that their MFA contacts assured them that such lack of coordination on regional issues would not happen again. She stressed that the value of the deals signed in the transit was "massive" and potentially very destructive given the poor capacity of small South Pacific nations to repay large loans, and the value of the new assistance had obviously been underplayed by Beijing. She added that the PRC had been candid with New Zealander interlocutors in linking Fijian support on the Taiwan issue to China's development assistance there.

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